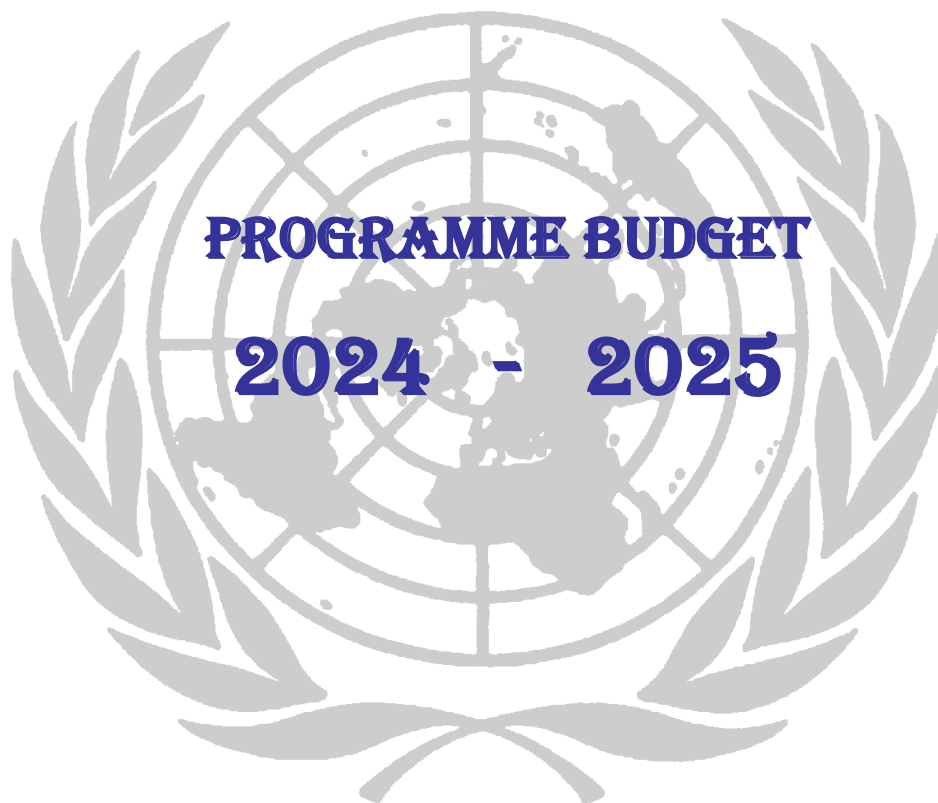


# **Exhibit F**



**UNITED NATIONS RELIEF AND WORKS AGENCY  
FOR PALESTINE REFUGEES IN THE NEAR EAST**



**August 2023**

**CHAPTER I****INTRODUCTION TO THE 2024-25 BIENNIUM BUDGET****OVERALL ORIENTATION**

- 1.1 The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA or “the Agency”) was established within the United Nations (UN) system as a subsidiary organ of the UN General Assembly (UNGA) under resolution 302 (IV) of 8 December 1949 and became operational on 1 May 1950. Through this and subsequent resolutions, the Agency is responsible for the provision of assistance and protection to Palestine Refugees. Its mandate is renewed by the UNGA every three years, most recently through resolution 77/122 of 12 December 2022. Since starting operations, UNRWA has adapted and enhanced its programmes to meet the increasingly complex needs of Palestine Refugees and to provide them with a measure of protection and stability amid chronic instability in the region. The Agency is unique amongst UN organisations in its direct service delivery model and contribution to the welfare and human development of Palestine Refugees. UNRWA is the main provider of public-like basic services – education, health and relief and social services (RSS) – for the benefit of 5.9 million<sup>1</sup> registered Palestine refugees across the Gaza Strip, Jordan, Lebanon, Syria and the West Bank, including East Jerusalem.<sup>2</sup> The Agency stands ready to continue operations during the 2024-25 biennium in accordance with the mandate received from the UNGA; however chronic underfunding of the Programme Budget (PB) poses significant risks to its operational viability.
- 1.2 The UNRWA Commissioner-General reports directly to the UNGA. Overall advice and support regarding Agency programming are provided to the Commissioner-General by an Advisory Commission, currently comprised of 29 members and 4 observers, including representatives of UNRWA’s major donors and host countries.
- 1.3 The mission of the Agency is to help Palestine Refugees achieve their full potential in human development under the difficult circumstances in which they live. In line with this mission, and as defined in the UNRWA Strategic Plan 2023-28, the Agency works towards the following seven objectives: (i) Palestine Refugees are protected through the realization of their rights under international law; (ii) Palestine Refugees lead healthy lives; (iii) Palestine Refugees complete inclusive and equitable quality basic education; (iv) Palestine Refugees have improved livelihood opportunities; (v) the most vulnerable Palestine Refugees have access to effective social assistance systems; (vi) Palestine Refugees are able to meet their basic human

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<sup>1</sup> UNRWA Registered Population Dashboard, Quarter 2 2023, UNRWA, <https://www.unrwa.org/what-we-do/relief-and-social-services/unrwa-registered-population-dashboard>

<sup>2</sup> All further reference to the West Bank in this document is to be read as including East Jerusalem.

## FINANCIAL SITUATION AND UPDATE

- 1.33 Except for 217 international staff posts funded by the UNGA through the UNRB, UNRWA operations are supported through voluntary contributions. In this regard, the Agency receives funding through: (i) a PB fund that supports core operations (including recurrent staff and non-staff costs), including education, health, infrastructure and camp improvement, RSS, protection and support systems and structures; (ii) EAs for humanitarian interventions; and (iii) specific, time-bound projects that improve services without increasing recurrent costs.
- 1.34 Some 91 per cent of UNRWA's core funding is provided on the basis of voluntary contributions and the remaining nine per cent is received from UNRB (six per cent), and indirect support costs (ISC) and interest earned (three per cent). Despite the generosity of donors, this funding model has led to repeated liquidity crises, an ongoing struggle to reach and maintain service delivery standards and norms, the degradation of Agency installations, including health centres and schools and, in relation to staffing, an increased vacancy rate and reliance on short-term contracts, job creation programme and consultants to fulfil core functions.
- 1.35 In 2022, resource mobilization efforts yielded a total pledged amount US\$ 699 million for the core PB against planned expenditure of US\$ 817 million. In addition to the UN RB (US\$ 35 million) and in-kind contributions (US\$ 17 million), the Agency's PB received income from other sources, such as ISCs, the receipt of pledges made in previous years, foreign exchange gains, value-added tax reimbursements and the repayment of advances.
- 1.36 Through its 2022 Syria, Lebanon and Jordan EA, the Agency sought US\$ 365 million. Many donors responded generously, although pledges only covered 40.3 per cent (US\$ 147.2 million) of funding needs. In the oPt, UNRWA appealed for US\$ 406.2 million, and pledges reached 40.7 per cent (US\$ 165.2 million) by the end of the year. Some US\$ 106.9 million was also pledged for projects, corresponding to 55.4 per cent of funding needs of US\$ 193.0 million.
- 1.37 The Agency's funding situation, which has steadily deteriorated over the past several years, remained critical in 2022. While funding increased compared to previous years, it remained at the level of 2013, despite the rising demand for Agency services and higher costs of operations. The Agency began 2022 with US\$ 62 million in liabilities carried forward from 2021 and initially operated on the basis of a 90 per cent allocation of the approved PB. Expenditure was controlled through strict vacancy management and reductions in non-staff expenditure. Non-critical payments to suppliers were deferred month-on-month from April onwards to manage cash requirements and critical operations were only maintained through CERF loans. Overall, UNRWA carried forward US\$ 75 million in liabilities to 2023. The Agency's total PB requirements for 2023 are US\$ 848 million and, as at the end of June 2023, some US\$ 200 million is still required to sustain services and pay all salaries beyond September 2023 with no carry forward of liabilities to 2024. (Table 1-11 below).
- 1.38 The projects budget for 2023 is estimated at US\$ 250 million, with an income forecast of US\$ 108 million (Table 1-11 below).